

# Police Officers and Fire Fighters' Retirement System

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Description	FY 2003 Actual	FY 2004 Approved	FY 2005 Proposed	% Change from FY 2004
Operating Budget	\$68,900,000	\$96,200,000	\$112,100,000	16.5

The Police Officers and Fire Fighters' Retirement System provides the District's required contribution to this pension fund, which is administered by the District of Columbia Retirement Board.

The amount of the contribution is determined by an actuary who submits a certified report through the Retirement Board to the Mayor. By law (D.C. Code section 1-907.02), the District is required to budget an amount equal to or greater than the certified amount.

Based on the certified actuarial report approved by the District of Columbia Retirement Board, a District contribution to the Police Officers' and Fire Fighters' Retirement System in the amount of \$111,600,000 will be required for FY 2005. In addition to the certified contribution amount, based on actuarial projections, an additional contribution of \$500,000 is required to support the costs of recent changes in the law regarding service longevity benefits. The total District contribution for FY 2005 is \$112,100,000.

## Gross Funds

The proposed budget is \$112,100,000, an increase of \$15,900,000, or 16.5 percent over the FY 2004 approved budget of \$96,200,000. No FTEs are supported by this budget, which represents no change from FY 2004.

## General Fund

**Local Funds.** The proposed budget is \$112,100,000, an increase of \$15,900,000, or 16.5 percent over the FY 2004 budget of \$96,200,000. The amount represents a contribution of \$84,100,000 to the police officers' retirement system and \$27,500,000 to the fire fighters' retirement system. Additionally, \$500,000 is included to support the estimated costs of recently enacted legislation regarding service longevity benefits as described below. No FTEs are supported by this budget, which represents no change from FY 2004.

Changes from the FY 2004 approved budget are:

- An increase of \$15,400,000 to fully fund the amount calculated by the actuary and approved by the District of Columbia Retirement Board as the required District contribution for FY 2005. This includes an increase of \$13,700,000 in the required contribution to the police officers' retirement system and an increase of \$1,700,000 in the required contribution to the fire fighters' retirement system. The increased contribution is due to a number of factors, including

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## Funding by Source

Table FD0-1 shows the source of funding for the Police Officers and Fire Fighters' Retirement System.

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Table FD0-1

### FY 2005 Proposed Operating Budget, by Revenue Type

(dollars in thousands)

Appropriated Fund	Actual FY 2002	Actual FY 2003	Approved FY 2004	Proposed FY 2005	Change from FY 2004	Percent Change
Local Fund	74,600	68,900	96,200	112,100	15,900	16.5
<b>Subtotal Nonpersonal Services (NPS)</b>	<b>74,600</b>	<b>68,900</b>	<b>96,200</b>	<b>112,100</b>	<b>15,900</b>	<b>16.5</b>
<b>Total Proposed Operating Budget</b>	<b>74,600</b>	<b>68,900</b>	<b>96,200</b>	<b>112,100</b>	<b>15,900</b>	<b>16.5</b>

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## Expenditures

Table FD0-2 show the FY 2005 proposed budget for the agency at the Comptroller Source Group level (Object Class level).

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Table FD0-2

### FY 2005 Proposed Operating Budget, by Comptroller Source Group

(dollars in thousands)

Comptroller Source Group	Actual FY 2002	Actual FY 2003	Approved FY 2004	Proposed FY 2005	Change from FY 2004	Percent Change
50 Subsidies and Transfers	74,600	68,900	96,200	112,100	15,900	16.5
<b>Subtotal Nonpersonal Services (NPS)</b>	<b>74,600</b>	<b>68,900</b>	<b>96,200</b>	<b>112,100</b>	<b>15,900</b>	<b>16.5</b>
<b>Total Proposed Operating Budget</b>	<b>74,600</b>	<b>68,900</b>	<b>96,200</b>	<b>112,100</b>	<b>15,900</b>	<b>16.5</b>

the impact of collective bargaining unit salary increases, staffing increases, refined actuarial assumptions, and market performance of pension investments.

- An increase of \$500,000 to support projected costs of the "Police and Fireman's Service Longevity Amendment Act of 2004" (District Council Act A15-312), which changed the methodology for calculating retirement annuities for police officers and firefighters to provide for the inclusion of military and certain other government service in computing credit for service longevity.

## Programs

This budget provides for the District (employer) contribution to the Police Officers' and Fire Fighters' Retirement Fund, which is managed by the District of Columbia Retirement Board (DY0).

Under the National Capital Revitalization and Self-Government Improvement Act of 1997, the federal government assumed the District's unfunded pension liability for the retirement plans of teachers, police officers, fire fighters, and judges. Pursuant to the Act, the federal government pays the future retirement and death benefits, and a share of disability payments for employees for service accrued prior to June 30, 1997. Benefits earned subsequently remain the responsibility of the Government of the District of Columbia. The actuarial report estimates the required District contribution to fund these earned benefits.

**Further information on the financing of the District's retirement plans can be obtained in the D.C. Code, Division I, Title I, Chapter 9, Subchapter IV, Financing of Retirement Benefits (1-907.02).**